

## MINIMUM DISCLOSURE DOCUMENT

# Peregrine Capital Dynamic Alpha H4 QI Hedge Fund

31 May 2022

### Fund objective

The goal of the Dynamic Alpha Fund is to generate strong absolute returns while maintaining capital stability. We aim to achieve long-term inflation-beating growth.

### What does the fund invest in?

The fund can invest in a wide range of assets, such as listed shares, bonds and property, as well as cash and cash equivalents, both in South Africa and internationally.

### Important fund characteristics and risks

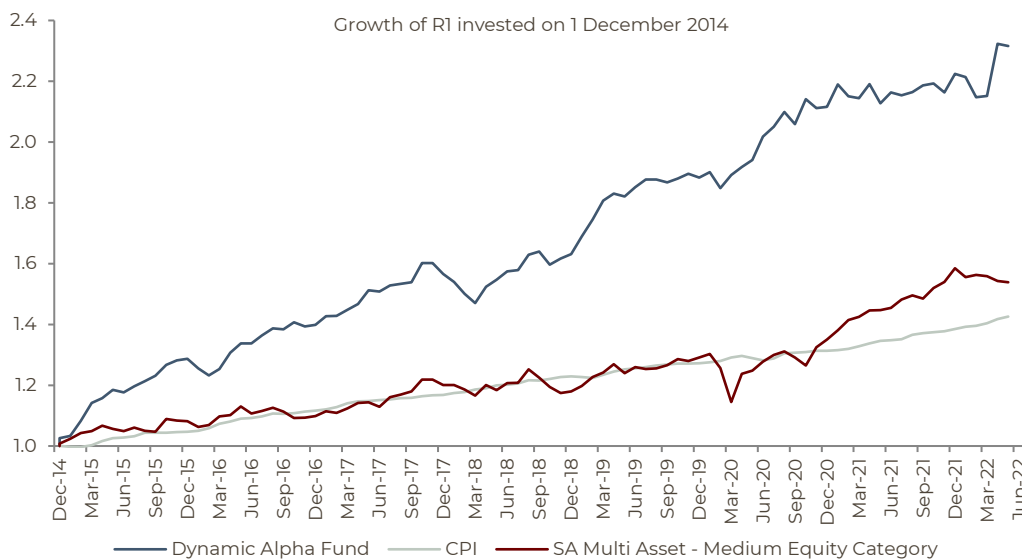
The fund managers seek to identify undervalued securities that offer strong upside potential over the medium to longer term. We conduct rigorous research to understand the companies and securities that we invest in to determine their intrinsic value, which allows us to identify opportunities with the best expected returns. The fund typically invests in a wide range of assets, with a preference for shares and fixed income instruments. The fund managers undertake a higher level of market risk than a traditional low equity hedge fund but strive to reduce risk through disciplined hedging practices and by maintaining high levels of liquidity to minimise correlation to the equity market.

The Dynamic Alpha Fund has never had a negative year since its inception in December 2014.

### Who should consider investing in the fund?

The Dynamic Alpha Fund is suitable for you if:

- You want to achieve a strong absolute returns, whilst protecting your capital
- You are comfortable to assume a moderate level of market risk
- You are ideally investing for at least two years



The graph above is for illustrative purposes only, and reflects actual fund performance and notional performance of the comparative indices, based on a lump sum contribution on the inception date of the fund. Performance is shown net of all fund charges and expenses and includes the reinvestment of distributions.

Net Returns	Dynamic Alpha Fund	SA Multi Asset-Medium Equity Category	CPI
<b>Cumulative</b>			
Since inception	131.62%	53.87%	42.58%
<b>Annualised</b>			
Since inception	11.85%	5.91%	4.84%
Latest 5 years	8.91%	6.12%	4.43%
Latest 3 years	8.35%	7.46%	4.42%
Latest 1 year	8.89%	6.34%	5.90%
Year to date	4.12%	-2.90%	2.98%

Risk measures	Dynamic Alpha Fund	SA Multi Asset-Medium Equity Category	CPI
Maximum cumulative drawdown	-8.19%	-12.09%	-
Highest annual return	28.17%	24.40%	-
Lowest annual return	-0.29%	-7.76%	-
% of positive months	72.22%	65.56%	-

### Risk profile

Lower risk Higher risk

Potentially lower rewards Potentially higher rewards



### Key facts

#### Fund Managers

Jacques Conradie  
David Fraser  
Justin Cousins

#### Regulated QI Hedge Fund inception

August 2016

#### Fund inception

December 2014

#### Fund status

Open

#### Fund size

R 70.47 m

#### Price per unit (cents)

16 301.24

#### Fund class

Class A

#### Income distribution

Bi-annually

#### ISIN

ZAE000221982

#### Email

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#### Contact

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### Website

[www.peregrine.co.za](http://www.peregrine.co.za)

Issue Date: 08 June 2022

## Net returns

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Multi Asset-Medium Equity Category
2014												2.53%	<b>2.53%</b>	0.76%
2015	0.71%	4.86%	5.46%	1.37%	2.38%	-0.72%	1.68%	1.37%	1.50%	2.91%	1.19%	0.42%	<b>25.53%</b>	7.40%
2016	-2.51%	-1.83%	1.70%	4.33%	2.29%	0.07%	1.96%	1.66%	-0.23%	1.72%	-0.98%	0.39%	<b>8.69%</b>	1.54%
2017	1.98%	0.07%	1.46%	1.27%	3.07%	-0.22%	1.32%	0.31%	0.34%	4.11%	0.00%	-2.21%	<b>11.96%</b>	9.28%
2018	-1.70%	-2.51%	-2.03%	3.62%	1.54%	1.77%	0.29%	3.15%	0.67%	-2.60%	1.20%	0.95%	<b>4.16%</b>	-1.77%
2019	3.52%	3.32%	3.58%	1.27%	-0.52%	1.67%	1.33%	0.05%	-0.52%	0.68%	0.85%	-0.71%	<b>15.39%</b>	9.47%
2020	0.98%	-2.79%	2.33%	1.41%	1.18%	3.99%	1.63%	2.33%	-1.90%	4.00%	-1.39%	0.23%	<b>12.41%</b>	2.79%
2021	3.44%	-1.75%	-0.31%	2.16%	-2.89%	1.71%	-0.45%	0.49%	1.02%	0.31%	-1.35%	2.82%	<b>5.12%</b>	17.39%
2022	-0.48%	-3.00%	0.19%	7.98%	-0.30%								<b>4.12%</b>	-2.90%

### Important Notes on calculation of net returns and risk measures:

The calculation of net returns and the risk measures comprises data from the inception of the Peregrine Capital Dynamic Alpha *en Commandite* Partnership on 1 December 2014 until 31 July 2016, thereafter the data relates to the Peregrine Capital Dynamic Alpha H4 QI Hedge Fund ("Dynamic Alpha Fund"). The Dynamic Alpha Fund does not have a benchmark and does not contribute towards the return of the ASISA SA Multi Asset - Medium Equity Category. The data for the ASISA SA Multi Asset - Medium Equity Category and CPI is provided for comparative purposes.

### Fund commentary

The net return for the month of May was -0.30% for the Dynamic Alpha Fund. May was another turbulent month for global markets, with significant intra month volatility and divergent performance across major equity indexes. The MSCI World Equity Index advanced 0.2%, while the Nasdaq continued its poor run ending down 2.2%. The JSE Capped SWIX dropped by 0.3%.

The ongoing uncertainties around the Ukraine and Russia conflict, COVID-19, global growth trajectories, inflation, interest rate hikes and local politics continue to create significant volatility in asset prices. Portfolio positioning remains balanced, with moderate gross exposure and lower than typical net equity exposure. Equity content is balanced between energy producers that benefit from higher inflation, cheap value opportunities and cash generative growth companies where we deem valuations attractive. We are actively seeking out dislocations in asset prices that offer pair trading opportunities so that we can flex our gross exposure without increasing our exposure to market risk.

Peregrine Capital remains resolutely committed to seeking out investment opportunities during these uncertain times, based on detailed, bottom up, fundamental research and deploying capital rationally where market prices deviate materially from fundamental value. We remain confident that over the medium term the earnings growth of our shares should come through in strong performance for investors.

Income distributions for the last 12 months	31-Mar-22	30-Sep-21
Cents per unit	-	-

Asset allocation	SA	Foreign	Total
Net equity	25.04	-8.25	16.79
Net fixed income	18.45	6.60	25.05
Net real estate	1.46	-0.03	1.43
Cash and cash equivalents, Interest Bearing CIS Portfolios and Other	49.02	7.71	56.73
<b>Gross exposure (%)</b>			<b>220.82</b>

### Fund costs (Excl. VAT)

Service Charge	
Fund Manager fee	1.00%
H4 Administration fee*	0.23%
Total Service Charge	1.23%
Performance fee**	20%

\*Includes fees payable for fund administration, for risk data services and to H4  
\*\*levied on 20% increase in NAV, subject to the high water mark

### Total Expense Ratio (TER) and Transaction Costs (TC)

TER and TC breakdown for the 1 and 3 year period ending 31 March 2022:	1yr%	3yr%
Service charge	1.23%	1.23%
Performance fee	0.94%	1.76%
VAT	0.36%	0.48%
Other costs	0.20%	0.18%
<b>Total Expense Ratio (TER)</b>	<b>2.73%</b>	<b>3.65%</b>
<b>Transaction Costs (TC)</b>	<b>2.43%</b>	<b>1.70%</b>
<b>Total Investment Charge (TIC)</b>	<b>5.15%</b>	<b>5.35%</b>

## Glossary

**Annualised performance:** reflects longer term performance rescaled to a 1 year period. Annualised performance is the average return per year over the period.

**Maximum drawdown:** the largest peak to trough decline during a specific period of investment

**Total Expense Ratio:** includes the annual service charge, performance fee and administrative costs, but excludes VAT and fund transaction costs, expressed as a percentage of the average monthly value of the fund. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return.

**Transaction Costs:** are the costs relating to the buying and selling of the fund's underlying assets, expressed as a percentage of the NAV. Transaction costs are a necessary cost in managing the fund and may impact the returns.

**Total Investment Charge** is the sum of the TER and TC. These should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of fund and the investment decisions of the fund manager. Since the fund returns are quoted after the deduction of these expenses, the TER and TC should not be deducted again from published returns.

## Investment strategy and mandate

The fund invests across asset classes, both locally and offshore. Significant exposures may be taken in individual positions from time to time. Peregrine Capital employs a bottom up stock selection process based on rigorous and disciplined fundamental research, drawing on experience of covering the sectors and companies over many years. Peregrine Capital focuses its time on building up a detailed understanding of specific companies, rather than predicting the economic trends or taking a view on overall markets.

## Risk warning

The risks associated with investing in the fund include, but are not limited to, the following: general market risks (such as general movements in interest rates; external factors [war, natural disasters and such like]; changes to the law and regulatory frameworks; governmental policy changes; global, regional or national economic developments and risks related to a specific security (such as the possibility of a company's credit rating being downgraded).

The fund managers may use leverage. Leverage is the use of various financial instruments or borrowed capital, such as margin, to increase the potential return of an investment. Leverage includes the use of derivatives. Derivatives derive their value from the value of an underlying asset. The use of leverage within the fund involves risk because depending on how the leverage is structured, the fund's losses or gains may be unlimited. Other risks include counterparty risk and liquidity risk. The fund may take significant exposures in individual positions which may create concentration risk.

Counterparty risk is the risk that the other party to a transaction may not be able to perform its obligations. Liquidity risk means that during volatile periods, the tradability of certain instruments may be impeded. Where foreign securities are included in the fund there may be potential constraints on liquidity and the repatriation of currency, macroeconomic risks, political risks, foreign exchange risks, tax risks, settlement risks and potential limitations on the availability of market information.

## General information

This document is the minimum disclosure document ("MDD") required by Board Notice 92 of 2014 published by the Financial Sector Conduct Authority under the Collective Investment Schemes Control Act, No. 45 of 2002. Collective Investment Schemes in Hedge Funds should be considered as medium to long-term investments. The value may go down as well as up and past performance is not necessarily a guide to future performance. Collective Investment Schemes in Hedge Funds are traded at the ruling price and can engage in scrip lending and borrowing. A schedule of fees, charges and maximum commissions is available on request from the Manager. Neither the Manager nor Peregrine Capital provides any guarantee either with respect to the capital or the investment performance of the fund.

The Manager has the right to close the fund to investments from new investors, and/or to close the fund to new investments, and/or to accept new investments only from certain persons or groups of persons, and/or to limit or suspend the creation and issue of new participatory interests, in each case on such terms as it may determine, if such restrictions will, in the Manager's view, benefit the fund or the effective management thereof or for any other reason whatsoever. Where any forecasts or commentary about the expected future performance of asset classes, or the market in general, are made in this document, please note that neither Peregrine Capital nor H4 guarantee that such forecasts or commentary will occur.

## Calculation of the NAV and price

The value of participatory interests (also referred to as units) is calculated on a net asset value ("NAV") basis. The NAV is the total value of all assets in the fund including any income accruals and less any permissible deductions (which may include audit fees, brokerage, service fees, securities transfer tax and bank charges) for a particular class. The price of participatory interests is calculated by dividing the NAV by the number of participatory interests in issue for that class. The price of participatory interests is published monthly in the MDD, which is available at [www.peregrine.co.za](http://www.peregrine.co.za).

## Investment performance

The performance calculated and shown is that of the fund. Performance has been calculated using net NAV to NAV numbers with income reinvested. The investment performance for each period shown reflects the net return for investors who have been fully invested for that period. Individual investor investment performance may differ as a result of initial fees (if applicable), the actual investment date, the date of reinvestment of distributions and/or distribution dates, and dividend withholding tax. Where periods of longer than 1 year are used in calculating past performance, certain figures may be annualised. Annualised performance is the average return per year over the period. Actual annual figures and investment performance calculations are available on request from H4.

## Performance fees

A management and performance fee is charged to the fund. Performance fees are payable on positive performance using a participation rate of 20%.

Total Expense Ratio for year ended 31 March 2022 2.73%

A high water mark ("HWM") is applied, which ensures that performance fees will only be charged on new performance. There is no cap on the Rand amount of performance fees.

## Disclosure in respect of third party named portfolios

The fund is a third party named portfolio. A hosted or third party named portfolio bears the name of the Manager and the fund manager. The Manager retains full legal responsibility for hosted/third party named portfolios.

## Fund dealing

Monthly.

## Redemption notice period

1 calendar month.

## Fund valuation time

The end of the day of the last day of the month.

## Transaction cut-off times

Please refer to the H4 Hedge Fund Portfolios Terms and Conditions, which is available on request from H4.

## Contact details

### Manager

H4 Collective Investments (RF) Proprietary Limited ("H4"), Registration number: 2002/009140/07 | Physical address: The Citadel, 15 Cavendish Street, Claremont, 7708 | Postal address: PO Box 223388, Claremont, 7735 | Telephone number: +27 86 000 7993 | E-mail address: [hedge@H4ci.co.za](mailto:hedge@H4ci.co.za) | Website: [www.citadel.co.za](http://www.citadel.co.za). H4 is a member of the Association for Savings and Investments SA ("ASISA").

### Custodian

Standard Bank of South Africa Limited, Registration number: 1962/000738/06 | Physical address: 8th Floor, North Tower, The Towers, 2 Hertzog Boulevard, Foreshore, Cape Town, 8001 | Telephone number: +27 21 401 2383 | Website: [www.standardbank.co.za](http://www.standardbank.co.za).

The Manager and Custodian are registered and approved under the Collective Investment Schemes Control Act, No. 45 of 2002.

### Fund Manager

Peregrine Capital Proprietary Limited ("Peregrine Capital"), Registration number: 1998/004238/07 is an authorised Financial Services Provider (FSP 607) under the Financial Advisory and Intermediary Services Act, No. 37 of 2002 ("FAIS"). Peregrine Capital has been appointed by H4 to act in the capacity of discretionary hedge fund manager of the fund. Please be advised that there may be representatives acting under supervision. Physical address: 10th Floor, 39 Wierda Rd West, Wierda Valley, Sandton, 2196 | Postal address: PO Box 650361, Benmore, 2010 | Telephone number: +27 11 722 7482 | Website: [www.peregrine.co.za](http://www.peregrine.co.za).

### Additional information

For any additional information such as the price of participatory interests please email [hedge@H4ci.co.za](mailto:hedge@H4ci.co.za). Application forms are available at [www.peregrine.co.za](http://www.peregrine.co.za).

### CPI

The CPI figures are lagged by one month as the number was calculated before this month's inflation rate was released.

### SA Multi Asset – Medium Equity Category

The South African Multi Asset – Medium Equity category is defined in the ASISA Standard on Fund Classification for South African Regulated Collective Investment Scheme Portfolios.

### Limitation of liability

This MDD has been compiled for information purposes only and does not take into account the needs or circumstances of any person or constitute advice of any kind. It is not an offer to sell participatory interests or an invitation to invest. The information and opinions in this MDD have been recorded by H4 and Peregrine Capital in good faith from sources believed to be reliable, but no representation or warranty, express or implied, is made as to their accuracy, completeness or correctness. H4 and Peregrine Capital accordingly accept no liability whatsoever for any direct, indirect or consequential loss arising from the use of this MDD or its contents.